NEW OROPERU RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US dollars)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

320 – 800 West Pender Street
Vancouver, British Columbia, Canada V6C 2V6

Tel: (604) 638-1408
Fax: (604) 608-3878

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEW OROPERU RESOURCES INC.

We have audited the accompanying consolidated financial statements of New Oroperu Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of loss and comprehensive loss, equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Oroperu Resources Inc. as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 10, 2014

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231
Fax: 604 688 4675
smytheratcliffe.com

NEW OROPERU RESOURCES INC.
Consolidated Statements of Financial Position
(Expressed in US dollars)
December 31, 2013 and 2012

		2013		2012
Assets				
Current				
Cash	**$**	**131,245**	$	40,853
Receivables		**903**		3,367
Prepaid expenses		**7,007**		7,242
		139,155		51,462
Non-current				
Exploration and evaluation properties (Note 4)		**406,305**		572,272
	$	**545,460**	$	623,734
Liabilities				
Current				
Trade payables and accrued liabilities (Note 5)	**$**	**16,869**	$	28,653
Due to related parties (Note 9)		**106,092**		39,360
Loans payable (Notes 6 and 9)		**168,404**		-
		291,365		68,013
Equity				
Share capital (Note 7)		**26,027,128**		25,993,269
Stock options reserves (Note 7d)		**1,295,654**		899,384
Deficit		**(27,068,687)**		(26,336,932)
		254,095		555,721
	$	**545,460**	$	623,734

Approved and Authorized for Issue by the Board on April 10, 2014:

"K. Wayne Livingstone"
.... Director

"Maynard E. Brown"
.... Director

The accompanying notes form an integral part of these consolidated financial statements.

NEW OROPERU RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US dollars)
Years ended December 31, 2013 and 2012

		2013		2012
Expenses				
Consulting fees (Note 9)	$	**92,500**	$	119,942
Directors' fees		**34,911**		35,740
General and administration (Note 9)		**90,335**		115,848
Insurance		**12,246**		12,595
Interest and finance charges (Note 6)		**30,780**		-
Legal and audit		**36,336**		29,855
Property maintenance (Note 4c)		**11,087**		(4,496)
Regulatory fees		**10,770**		10,096
Share-based payments (Notes 7d and 9)		**396,270**		18,384
		(715,235)		(337,964)
Foreign exchange gain (loss)		**(14,685)**		10,105
Write-off of exploration properties (Note 4)		**-**		(2)
Write-off of receivables		**(1,835)**		(16,386)
Net Loss and Comprehensive Loss for the Year	$	**(731,755)**	$	(344,247)
Loss Per Share, Basic and Diluted	$	**(0.04)**	$	(0.02)
Weighted Average Number of Common Shares Outstanding		**16,481,934**		16,398,318

The accompanying notes form an integral part of these consolidated financial statements.

NEW OROPERU RESOURCES INC.
Consolidated Statements of Equity
(Expressed in US dollars)
Years ended December 31, 2013 and 2012

	Share Capital				Reserves				
	Number of Shares		Amount		Stock options		Deficit		Total Equity
Balance, December 31, 2011	16,398,318	$	25,993,269	$	881,000	$	(25,992,685)	$	881,584
Share-based payments	-		-		18,384		-		18,384
Net loss for the year	-		-		-		(344,247)		(344,247)
Balance, December 31, 2012	16,398,318		25,993,269		899,384		(26,336,932)		555,721
Shares issued (Note 7b)	140,000		33,859		-		-		33,859
Share-based payments (Note 7d)	-		-		396,270		-		396,270
Net loss for the year	-		-		-		(731,755)		(731,755)
Balance, December 31, 2013	**16,538,318**	**$**	**26,027,128**	**$**	**1,295,654**	**$**	**(27,068,687)**	**$**	**254,095**

The accompanying notes form an integral part of these consolidated financial statements.

NEW OROPERU RESOURCES INC.
Consolidated Statements of Cash Flows
(Expressed in US dollars)
Years ended December 31, 2013 and 2012

		2013		2012
Operating activities				
Net loss	**$**	**(731,755)**	$	(344,247)
Items not involving cash:				
Share-based payments		**396,270**		18,384
Unrealised foreign exchange		**3,231**		(10,105)
Interest expense on loan financing		**30,780**		-
Write-off of exploration properties		**-**		2
Write-off of receivables		**1,835**		16,386
Changes in non-cash working capital:				
Receivables		**629**		11,557
Prepaid expenses		**235**		180
Trade payables and accrued liabilities		**(11,785)**		(4,685)
Due to related parties (Note 9)		**66,733**		-
Cash Used in Operating Activities		**(243,827)**		(312,528)
Investing Activities				
Proceeds from mineral property option		**175,000**		175,000
Mineral property expenditures		**(9,033)**		(8,241)
Cash Provided by Investing Activites		**165,967**		166,759
Financing Activities				
Proceeds from loan financing		**171,483**		-
Effect of Foreign Exchange on Cash		**(3,231)**		10,105
Increase (Decrease) in Cash		**90,392**		(135,664)
Cash, Beginning of Year		**40,853**		176,517
Cash, End of Year	**$**	**131,245**	$	40,853

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

New Oroperu Resources Inc. (the "Company") was incorporated under the laws of British Columbia on October 12, 1994. The Company is in the business of acquiring and exploring mineral properties in Peru and Canada, and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange and is a reporting issuer in Ontario, Alberta and British Columbia.

The Company is not generating any operating revenue, has never paid any dividends, and is unlikely to pay dividends or generate earnings from operations in the immediate or foreseeable future. As at December 31, 2013 the Company has an accumulated deficit of $27,068,687 (2012 - $26,336,932), a loss of $731,755 (2012 - $344,247) during the year ended December 31, 2013, and a working capital deficiency of $152,210 (2012 - $16,551). The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain the necessary financing to continue operations, determine the existence and successful exploitation of economically recoverable reserves in its exploration and evaluation properties, confirmation of the Company's interests in the underlying properties and the attainment of profitable operations, or the realization of proceeds from their sale.

The Company is dependent on raising funds through the issuance of shares and/or obtaining debt financing. Management believes that additional financing is available and may be sourced in time to allow the Company to continue its current planned activities in the normal course. There can, however, be no assurance the Company will be able to raise funds in the future. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company has been receiving a net annual advance royalty payment of $175,000 in connection with the Tres Cruces Project in Peru (Note 4a). Although it is anticipated that this annual payment will continue under the related option agreement, there is no certainty that the optionee will continue to maintain the option.

The head office and principal address of the Company is situated at Suite 320 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

b) Approval of consolidated financial statements

The consolidated financial statements of the Company for the year ended December 31, 2013 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 10, 2014.

c) Adoption of new and revised standards and interpretations

At the date of authorization of these consolidated financial statements, the IASB and IFRS Interpretation Committee have issued the following new and revised standards and interpretations, which are not yet effective for the relevant reporting periods.

2. BASIS OF PRESENTATION (Continued)

c) Adoption of new and revised standards and interpretations (Continued)

IFRS 9 *Financial Instruments* (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss
- The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The IASB has indefinitely deferred the mandatory adoption date of this standard.

IFRS 9 *Financial Instruments* (2010)

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has indefinitely deferred the mandatory adoption date of this standard.

IFRS 9 *Financial Instruments* (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)

A revised version of IFRS 9 which:

- Introduces a new chapter to **IFRS 9** on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Permits an entity to apply only the requirements introduced in **IFRS 9 (2010)** for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of **IFRS 9**, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss
- Removes the mandatory effective date of **IFRS 9 (2010)** and **IFRS 9 (2009)**, leaving the effective date open pending the finalization of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

This standard has no stated effective date.

2. BASIS OF PRESENTATION (Continued)

c) Adoption of new and revised standards and interpretations (Continued)

***Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32)**

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of “currently has a legally enforceable right of set-off”
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Applicable to annual periods beginning on or after January 1, 2014.

***Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27)**

Amends IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* to:

- provide “investment entities” (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

Annual Improvements 2010-2012 Cycle

Makes amendments to the following standards:

- **IFRS 2 —** Amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”
- **IFRS 3 —** Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- **IFRS 8 —** Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- **IFRS 13 —** Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- **IAS 16 and IAS 38 —** Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- **IAS 24 —** Clarify how payments to entities providing management services are to be disclosed

Applicable to annual periods beginning on or after July 1, 2014.

(Expressed in US dollars)

2. BASIS OF PRESENTATION (Continued)

c) Adoption of new and revised standards and interpretations (Continued)

Annual Improvements 2011-2013 Cycle

Makes amendments to the following standards:

- **IFRS 1** — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- **IFRS 3** — Clarify that **IFRS 3** excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- **IFRS 13** — Clarify the scope of the portfolio exception in paragraph 52
- **IAS 40** — Clarifying the interrelationship of **IFRS 3** and **IAS 40** when classifying property as investment property or owner-occupied property

Applicable to annual periods beginning on or after July 1, 2014.

The Company has not early adopted these standards, amendments and interpretations; however, the Company is currently assessing the impact of these standards or amendments on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned	
		December 31, 2013	December 31, 2012
S.A. Mining Ventures Ltd.*	Canada (B.C.)	100%	100%
Angelica Mining Inc.*	Canada (B.C.)	100%	100%
T.C. Mining Inc.*	Canada (B.C.)	100%	100%
687211 B.C. Ltd.	Canada (B.C.)	100%	100%
Aurifera Tres Cruces S.A.	Peru	100%	100%
Minera Angelica S.A.C.	Peru	100%	100%

** These corporate entities were continued from the jurisdiction of the Bahamas to the jurisdiction of the Province of British Columbia in 2012.*

Intercompany balances and transactions are eliminated on consolidation.

b) Critical judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Critical judgments and estimates (Continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

<u>Share-based payments</u>

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

<u>Recovery of deferred tax assets</u>

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

<u>Functional currency</u>

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. Functional currency was determined based on the currency in which funds are sourced and the degree of dependence by the subsidiary on the Company for financial support.

<u>Exploration and evaluation assets</u>

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

c) Exploration and evaluation properties

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs including drilling costs directly attributable to a property, and directly attributable general and administrative costs. From time

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and evaluation properties (Continued)

to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to "mines under construction". No amortization is taken during the exploration and evaluation phase.

d) Impairment of non-current assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

e) Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

f) Currency translation

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as outlined in IAS 21 *Foreign Exchange* and should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company and its subsidiaries' functional currency is the US dollar, which is also the presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Loss per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

h) Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are not recognized if it is not probable that the related tax benefit will be realized.

i) Share-based payments

The Company has a stock option plan that is described in Note 7(c). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

j) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss, loans and receivables, and available-for-sale (“AFS”). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Financial instruments (Continued)

(i) Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Cash is included in this category of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment.

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. The Company has no assets classified as AFS.

(i) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statements of loss and comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade payables and accrued liabilities, due to related parties and loans payable.

(ii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Share capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

4. EXPLORATION AND EVALUATION ASSETS

	Tres Cruces (Note 4a)	Estrella (Note 4b)	Other Exploration and Evaluation Properties (Note 4c)	Total
Balance, December 31, 2011	$ 739,029	$ 1	$ 3	$ 739,033
Geological services	8,241	-	-	8,241
Write-off exploration properties	-	-	(2)	(2)
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2012	572,270	1	1	572,272
Travel costs	9,033	-	-	9,033
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2013	$ 406,303	$ 1	$ 1	$ 406,305

a) Tres Cruces Project, Peru

In September 2003, the Company entered into an option agreement with Minera Barrick Misquichilca S.A. ("Barrick") for Barrick to acquire up to a 70% interest in Aurifera subject to:

- **(i)** Barrick incurring $1,700,000 in exploration expenditures by September 30, 2005 (incurred);
- **(ii)** Barrick making payment to the Company of: $400,000 on execution of the option agreement (paid); $200,000 per year until completion of the $1,700,000 in exploration expenditures (paid); and $250,000 as advance royalty ($175,000, net of Peruvian withholding taxes) per year after completion of the $1,700,000 in exploration expenditures; and,
- **(iii)** Barrick making a production decision on or before December 31, 2020.

All exploration expenditures will be payable by Barrick until a production decision is made. Upon making a production decision, Barrick must pay the Company a $1,000,000 advance royalty and, following such production decision, the Company, through Aurifera, would retain a 30% interest subject to certain payback provisions and would also retain a 2% royalty interest.

b) Estrella Project, Peru

In January 2006, the Company acquired 100% of the Estrella Project in Peru. In 2007, the project's value was written down by $390,688 as a result of an asset impairment review by management. There was no exploration work done on the property in 2012 or 2013 and its carrying value at December 31, 2013 is $1.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Other exploration and evaluation properties

The Company owned a 100% interest in two separate mineral properties located in various regions of Peru known as Angelica and El Espigon, which in fiscal 2003 were written down to a nominal value of $1 each. These mineral titles were abandoned during the 2012 year-end and the mineral title assets were written down to $Nil.

The Company owns one mineral property located in Ontario, Canada, which is carried at a nominal value of $1.

During the year ended December 31, 2013, the Company incurred aggregate expenses of $16,528 (2012 - $37,551) for property management, administration and taxes on its mineral properties. The Company also recorded a $5,441 (2012 - $42,047) write-off of accounts payable in regard to an expense reversal of accrued property maintenance costs for mineral claims in Peru that were abandoned. The net expense of $11,087 (2012 - $4,496 recovery) has been reflected in the consolidated statement of loss and comprehensive loss.

d) Closure costs

The Company has assessed that it does not have any closure costs at this time.

e) Realization of assets

The investment in and expenditures on exploration and evaluation properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or proceeds from their disposal.

Resource exploration and development are highly speculative and contain inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

f) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other unforeseen matters. The Company may also be held liable should unforeseen environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent, and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

(Expressed in US dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

g) Title to mineral property interests

Although the Company has taken steps to verify title to its exploration and evaluation properties, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

5. TRADE PAYABLES AND ACCRUED LIABILITIES

As at	**December 31, 2013**	December 31, 2012
Trade payables	**$ 869**	$ 6,153
Accrued liabilities	**16,000**	22,500
	$ 16,869	$ 28,653

6. LOANS PAYABLE

On May 2, 2013, the Company received loans aggregating $171,483 (CAD $175,000), bearing interest at 10% per annum and maturing June 30, 2014. The Company also issued an aggregate of 140,000 common shares to the lenders for entering into the loan agreements (Note 7b) at a fair value of $33,859. This amount reduced the original loan payable and is being accreted as interest expense over the term of the loan on an effective interest basis. The Company has accrued $30,780 as interest on the loans, which is included in the aggregate amount of $168,404 outstanding as at December 31, 2013.

Three directors of the Company participated in the loan financing for total proceeds of $58,794 (CAD $60,000) (Note 9).

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Shares issued for loan financing

On May 27, 2013, the Company issued 140,000 common shares, with a fair value of $33,859, in conjunction with the loan financing.

c) Stock options

The Company has a stock option plan that authorizes the Board of Directors to grant options for the purchase of up to 3,279,663 common shares pursuant to a 20% fixed stock option plan. Options granted under the plan vest according to the terms and conditions by the compensation committee of the Company, subject also to regulatory vesting requirements where applicable in the case of investor relations options. All of the Company's currently outstanding options were issued with vesting periods ranging from zero to eighteen months from the date of issue.

Stock options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of grant.

(Expressed in US dollars)

7. SHARE CAPITAL (Continued)

c) Stock options (Continued)

On October 26, 2012, the Company granted an aggregate of 2,000,000 incentive stock options to directors, officers and employees of the Company, for the purchase up to an aggregate 2,000,000 common shares of the Company at an exercise price of CAD $0.50 per share for a period of five years, subject to regulatory and disinterested shareholder approval. The Company received disinterested shareholder approval for the issuance of the stock options at its annual general meeting of shareholders, held May 29, 2013.

A summary of the status of the Company's stock options outstanding as at December 31, 2013 and 2012 and changes during the years is as follows:

	2013		2012	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,265,000	$ 0.49	2,350,000	$ 0.51
Granted	-	-	2,000,000	$ 0.50
Expired	(65,000)	$ 1.00	(1,085,000)	$ 0.55
Options outstanding	**3,200,000**	**$ 0.49**	**3,265,000**	**$ 0.49**
Options exercisable	**3,200,000**	**$ 0.49**	**1,265,000**	**$ 0.49**

Stock options outstanding and exercisable as at December 31, 2013 are as follows:

Number of Options		**Exercise**		**Weighted Average Contractual Life of Options Remaining**
Outstanding	**Exercisable**	**Price (CAD)**	**Expiry Date**	**in Years**
1,200,000	1,200,000	$ 0.45	October 6, 2015	1.76
2,000,000	2,000,000	$ 0.50	October 26, 2017	3.82
3,200,000	3,200,000			3.05

Stock options outstanding and exercisable as at December 31, 2012 are as follows:

Number of Options		**Exercise**		**Weighted Average Contractual Life of Options Remaining**
Outstanding	**Exercisable**	**Price (CAD)**	**Expiry Date**	**in Years**
65,000	65,000	$ 1.00	January 29, 2013	0.08
1,200,000	1,200,000	$ 0.45	October 6, 2015	2.76
2,000,000	-	$ 0.50	October 26, 2017	4.76
3,265,000	1,265,000			3.94

(Expressed in US dollars)

7. SHARE CAPITAL (Continued)

d) Share-based payments and stock option reserves

On May 29, 2013, share-based compensation expense of $396,270 (2012 - $Nil) was recognized in connection with the issuance of 2,000,000 options. The fair value of each option granted to employees was estimated as at the date of grant using the Black-Scholes option pricing model, with the following weighted average assumptions and resulting fair value:

Risk-free interest rate	1.34%
Expected life of the options in years	5 years
Annualized volatility	52%
Dividend rate	0.00%
Grant date fair value	$0.46

8. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 25.75% (2012 - 25%) to income before income taxes. The reason for the differences is as follows:

		2013		2012
Loss for the year	$	(731,755)	$	(344,247)
Statutory income tax rate		25.75%		25.00%
Income tax benefit computed at statutory rates		(188,427)		(86,062)
Items non-deductible for income tax purposes		106,999		6,661
Foreign tax rates different from statutory rates		(13,129)		32,710
Change in timing difference		4,204		-
Effect of change in tax rate		(5,824)		-
Impact of foreign exchange on tax assets and liabilities		36,290		-
Unused tax losses and tax offsets not recognized in tax asset		59,887		46,691
Total income taxes	$	-	$	-

Effective April 1, 2013, the British Columbia provincial tax rate increased from 10.00% to 11.00% and the Canadian federal corporate tax rate remained unchanged at 15.00%. The overall increase in tax rates has resulted in an increase in the Company's statutory rate from 25.00% to 25.75%.

The Company recognizes tax benefits or losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets have been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		2013		2012
Deferred income tax assets				
Tax value in excess of book value of equipment	$	4,504	$	4,231
Non-capital losses carried forward		1,939,044		1,770,052
	$	1,943,548	$	1,774,283

(Expressed in US dollars)

8. INCOME TAXES (Continued)

As at December 31, 2013, the Company has non-capital losses of approximately $1,939,000 that may be applied against future income for Canadian and Peruvian income tax purposes. The potential future tax benefit of these losses has not been recorded in these consolidated financial statements. The losses expire as follows:

2014	$	134,000
2015		91,000
2026		219,000
2027		121,000
2028		232,000
2029		203,000
2030		207,000
2031		273,000
2032		175,000
2033		284,000
	$	1,939,000

9. RELATED PARTY TRANSACTIONS

The president and CFO of the Company provide management, technical consulting, accounting and administrative services to the Company through their consulting services corporations. Two directors also receive fees for their services as directors.

The directors and officers of the Company received an aggregate of 1,950,000 incentive stock options in October 2012, which were approved by the shareholders of the Company at its last annual general meeting of shareholders, held May 29, 2013. Key management compensation consists of the following:

For the years ended December 31		**2013**		2012
Short-term benefits	**$**	**187,065**	$	215,232
Share-based payments		**386,363**		15,277
	$	**573,428**	$	230,509

As at December 31, 2013, an aggregate amount of $106,092 (2012 - $39,360) is due and payable to directors and officers of the Company for technical and administrative fees and directors' fees. This amount is unsecured, without interest or stated terms of repayment.

Three directors of the Company participated in the May 2013 loan financing for total proceeds of $58,794 (CAD $60,000) (Note 6). The directors also received an aggregate of 48,000 shares of the Company as bonus shares in consideration of completing the loan transaction.

10. MANAGEMENT OF CAPITAL

The Company's equity is considered to be capital under management. There has been no change in the nature of the Company's capital structure during the year ended December 31, 2013. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of mineral properties and to maintain a flexible capital structure at an acceptable risk.

The Board of Directors manages the capital structure and makes adjustments to its plan, based on economic and market conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt and may acquire or dispose of assets.

10. MANAGEMENT OF CAPITAL (Continued)

In order to facilitate the management of capital, the Company prepares expenditure budgets that are updated as necessary depending on factors determined by the Board of Directors.

The Company is not subject to any external capital restrictions.

11.FINANCIAL INSTRUMENTS

The Company has classified its cash as held-for-trading; and trade payables and accrued liabilities, due to related parties and loans payable, as other financial liabilities.

The Company's risk exposure and the impact on the Company's financial instruments are as follows:

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company is exposed to concentration of credit risk with respect to its cash; however, the risk is minimized as cash is placed with major Canadian financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to plan that it will have sufficient assets and cash flows to meet liabilities when due. As at December 31, 2013, the Company has a working capital deficiency of $152,210 (2012 - $16,551). As at December 31, 2013, the Company has trade payables and accrued liabilities, amounts due to related parties and loans payable totalling $291,365, which are due within the next 12 months.

c) Market risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates and equity prices. Management closely monitors individual interest rates and foreign currency movements to determine the appropriate course of action to be taken by the Company.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to material interest rate risk.

11. FINANCIAL INSTRUMENTS (Continued)

c) Market risk (Continued)

(ii) Foreign currency risk

The Company has certain assets and liabilities denominated in Canadian dollars that expose it to currency risk, as follows:

		December 31, 2013		December 31, 2012
Cash and cash equivalents	$	47,819	$	20,674
Trade payables and accrued liabilities		(16,539)		(28,341)
Amounts due to related parties		(106,539)		(39,316)
Loans and accrued interest		(178,508)		-
Net foreign exposure	$	(253,767)	$	(46,983)

The Company does not utilize derivatives or other techniques to manage foreign currency risk.

Based on the above net foreign currency exposure as at December 31, 2013 and assuming all other variables remain constant, a 10% weakening or strengthening of the US dollar against the Canadian dollar would result in an approximate increase/decrease of $25,000 in the Company's consolidated statement of loss and comprehensive loss.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any significant other price risk.

12. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. The Company's non-current assets by geographical location at December 31, 2013 and 2012 are as follows:

As at December 31,		**2013**		2012
Canada	**$**	**1**	$	1
Peru		**406,304**		572,271
Total	**$**	**406,305**	$	572,272

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2013
(Expressed in US dollars)

General

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of New Oroperu Resources Inc. (the "Company" or "New Oroperu"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company, including the notes thereto, for the years ended December 31, 2013 and 2012, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at www.sedar.com. The Company's annual audited consolidated financial statements for the years ended December 31, 2013 and 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has taken into account information available up to and including April 10, 2014.

New Oroperu is an exploration stage company engaged in the identification, evaluation, acquisition and exploration primarily of gold properties in Peru. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange under the symbol ORO.

This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document.

Company Overview

Tres Cruces Gold Project

New Oroperu owns a 100% interest in the Tres Cruces gold project in north central Peru, held by its wholly-owned subsidiary, Aurifera Tres Cruces S.A. ("Aurifera"). This project has been under an option to purchase agreement with a subsidiary of Barrick Gold Corp. (Minera Barrick Misquichilca S.A.) ("Barrick") since 2003 for the exploration and development of the Tres Cruces project. To maintain its option, Barrick must make a payment to the Company of $250,000 a year, which to date has been subject to a 30% Peruvian withholding tax. Under the terms of the agreement, all exploration expenditures deemed necessary by Barrick to make a production decision will be paid by Barrick at no cost to the Company. Following a production decision, the Company would retain a 30% fully financed interest in Aurifera, a 2% royalty interest and receive a $1,000,000 advance royalty payment.

Barrick has conducted extensive exploration work on the property and in October 2012, the Company announced the completion of an independent technical report which expanded the property's mineral resource estimate, based on Barrick's and the Company's own exploration data and analysis. The technical report was a milestone for the Company and contains an estimate of 2.6 million oz. of gold in the measured and indicated category at a 0.6 g/t gold cut-off (see news release dated October 16, 2012). This estimate was based on 359 drill holes and nearly 74,000 meters of drilling and represents a substantial increase from an earlier historical resource estimate of 1.7 million oz of gold. There is also an inferred resource in areas immediately adjacent to the deposit and at depth which may be converted to a higher category with additional drilling. The gold mineralized system is open to depth with some drill holes bottoming in mineralization. Further exploration is warranted to define the full extent of mineralization.

At present, the development of the Tres Cruces project is dependent on Barrick's plans and decisions relating to its option and ultimately to bringing the project into production. Although there is no certainty that it will continue, Barrick has maintained the option since 2003, and New Oroperu expects that Barrick will continue to do so and will eventually advance the project to a production decision.

Working Capital

As of the date of this MD&A, the Company has a working capital deficiency of approximately $200,000. Of that amount, approximately $173,000 represents the aggregate amount of loans and accrued interest outstanding from a CAD $175,000 financing completed last May 2013. It is New Oroperu's intention to negotiate a conversion of these loans into equity in the Company before their maturity date of June 30, 2014.

The Company also anticipates a $250,000 option payment from Barrick in May 2013 ($175,000 net, after Peruvian withholding taxes), which will also contribute to the replenishment of the Company's working capital until further financing can be obtained. The Company is in the process of reviewing Peruvian compliance requirements, with a goal to eliminate the withholding taxes from the payment. The matter is currently under review and remains uncertain.

The Company's cash position at December 31, 2013 was $131,245 (December 31, 2012–$40,853) and with all proposed exploration expenditures for the Tres Cruces project being covered by Barrick under its option agreement with the Company, the Company believes that it will have sufficient cash to meet its projected operating requirements for the next year without additional financing if it can convert its outstanding loans to equity and if it receives the May 2014 payment from Barrick. New Oroperu had a working capital deficiency of $152,210 at December 31, 2013 (2012-$16,551 deficiency).

The Tres Cruces Gold Project

The Tres Cruces project is under option to Barrick, as discussed in the above Company Overview. Barrick can earn a 70% interest in Aurifera, subject to an underlying 1.5% royalty and 2% royalty to the Company.

Nearby the Tres Cruces project, about 10 km to the north, Barrick has invested an estimated $340 million in the development of its Lagunas Norte deposit where production started in June 2005. Since then the Lagunas Norte project has reported several years of production greater than 1 million oz. of gold per year and, most recently in 2013, Barrick reported production of 606,300 oz. gold at an all-in sustaining cost of $627/oz. Barrick also reported proven and probable reserves of 3.75 million oz. gold at Lagunas Norte as of December 31, 2013.

The Company believes that the proximal location of the Tres Cruces project to Barrick's operations would enhance the economics for the development of the Tres Cruces deposit.

New Oroperu has a NI 43-101 technical report on the Tres Cruces project entitled "Technical Report on the Tres Cruces Project, North Central Peru", dated September 28, 2012, by Peter A. Lacroix, P. Eng. of Lacroix & Associates, which updated mineral resource estimates for the Tres Cruces propect based on all available information to that date. According to the report, the Tres Cruces mineral resource is estimated to contain 2.6 million oz. of gold at a 0.6 g/t Au cut-off in the measured and indicated category.

A complete copy of the report is available at www.sedar.com or through the Company's website at www.oroperu.com.

The estimates are based on a three dimensional (3D) block model with grade interpolation domains created using lithology and alteration models. Grades were estimated using ordinary kriging. A grade envelope created by indicator kriging at a 0.2 g/t gold cut-off was used to constrain the estimate which is tabulated on next page.

(Expressed in US dollars)

MINERAL RESOURCE ESTIMATES, 0.6 G/T AU CUT-OFF
New Oroperu Resources Inc. – Tres Cruces Project

	Kt	g/t Au	Koz Au
Measured	4,961	1.52	242
Indicated	61,068	1.20	2,365
Total Measured + Indicated	66,029	1.23	2,608
Inferred	19,552	0.97	611

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported at a cut-off grade of 0.6 g/t Au.
3. Mineral Resources are estimated using an average gold price of US$1,500 per ounce and metallurgical recovery of 82% of the contained gold.
4. Excludes Barrick claims.
5. Totals may not agree due to rounding.

The Tres Cruces project is a grass roots discovery made by the Company. New Oroperu has an agreement with Barrick granting them an option to acquire up to a 70% interest in Aurifera Tres Cruces S.A., the subsidiary that holds the Tres Cruces project.

Barrick has completed certain engineering and piezometric studies and continues to monitor its environmental work required for the permitting process.

Other Mineral Properties

The Company owns 100% of the Estrella property in central Peru. New Oroperu also has one mineral lease located in Ontario, Canada and it continues to maintain its rights on this property. No field work was conducted on these properties in 2013.

The Company will continue to evaluate other precious metals properties in Peru and elsewhere.

Results of Operations

The Company's net loss for the year ended December 31, 2013 was $740,788 (2012-$344,247). The Company incurred expenditures of $11,087 (2012-$4,496 credit) on mineral properties, which consisted of property maintenance and direct administration and management.

For the year ended December 31, 2013, operating expenses were $724,268 (2012-$337,964), which included $396,270 (2012-$18,384) in non-cash share based payments and $30,780 (2012-$Nil) in accrued interest on outstanding loans. Overall operating expenses for the year were higher than the same period last year, due to increased legal and financing costs. The Company’s other operating expenses were consistent with the operating expenses of the preceding year.

In 2013, Barrick continued to cover project costs related to exploration and maintenance of the Tres Cruces property, as per the terms of its exploration and option agreement with the Company.

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2013
(Expressed in US dollars)

Selected Annual Information

The following selected financial data has been prepared in accordance with IFRS. This table should be read in conjunction with the Company's audited consolidated financial statements.

	2013	2012	2011
Loss for the year	$ 740,788	$ 344,247	$ 650,933
Basic and diluted loss per share	0.02	0.02	0.04
Total assets	536,427	623,734	954,282
Total liabilities	291,365	68,013	72,698
Total shareholders' equity	245,062	555,721	881,584

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter ending December 31, 2013:

For the quarterly periods ending	December 31 2013	September 30 2013	June 30 2013	March 31 2013
Loss for the quarter	$63,784	$54,223	$542,396	$ 80,385
Basic loss per share	$ 0.00	$0.00	$0.03	$ 0.00
For the quarterly periods ending	**December 31 2012**	**September 30 2012**	**June 30 2012**	**March 31 2012**
Loss for the quarter	$88,362	$89,702	$43,569	$ 122,614
Basic loss per share	$ 0.01	$0.01	$0.00	$ 0.01

During the three months ended December 31, 2013, the Company recorded a $63,784 (2012-$88,362) loss, after a year-end credit adjustment to interest expense during the quarter, which meant that the Company's operating costs for the quarter were $60,642 (2012-$46,336). The Company continued to decrease its operating and administration expenses through the year in response to its reduced working capital to the current nominal amount of approximately $20,000 per month.

The Company's operating costs for the year were used primarily for administration costs for the Company's offices in Vancouver and Peru, as the Company did not incur material expenses on its exploration properties. The Company's second quarter loss ($542,396) included $396,270 of non-cash share based compensation costs for the 2,000,000 stock options that were approved during the second quarter of 2013. Operations during the three months ended December 31, 2013 were consistent with the same period in the prior year.

Financial Condition, Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral properties and accordingly, it does not generate cash from operations.

New Oroperu's cash position increased by $90,392 since December 31, 2012. In the past 12 months, New Oroperu's only sources of cash were from the $175,000 CAD loan financing completed in the second quarter and from the $175,000 (net) property option payment received from Barrick in regard to the Tres Cruces project option agreement.

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2013
(Expressed in US dollars)

The Company's total cash position at December 31, 2013 was $131,245 (2012–$40,853). At December 31, 2013 the Company held the majority of its cash in U.S. dollars. New Oroperu's working capital position at December 31, 2013 was a $152,210 working capital deficiency, compared to working capital deficiency of $16,551 at December 31, 2012.

In May 2013, the Company completed a private placement of loans totaling $175,000 CAD. The loans are accruing interest at an interest rate of 10% per annum, which is payable by the June 30, 2014 maturity date of the loans. The Company also issued an aggregate of 140,000 common shares to the lenders, as a bonus for making the loans to the Company.

The Company intends to negotiate a conversion of these loans into equity in the Company.

The Company is dependent on raising funds through the issuance of shares, obtaining debt financing, receiving its annual option payment from Barrick, and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties. Management believes that additional financing is available and may be sourced when needed to allow the Company to continue its planned activities in the normal course. There can, however, be no assurance the Company will be able to raise additional funds in the near future.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet financing arrangements.

Proposed Transactions

There are no proposed transactions.

Outstanding Share Data

The Company issued 140,000 shares as a loan bonus to lenders in the $175,000 CAD loan financing completed in May 2013. There are 16,538,318 shares of the Company outstanding as of the date of this MD&A.

The following stock options are outstanding as at December 31, 2013:

No. of Options	Price per Share*	Expiry Date
1,200,000	$0.45	October 5, 2015
2,000,000	$0.50	October 26, 2017
3,200,000		

* In CAD funds.

Related Party Transactions

The president and CFO of the Company provide management, technical consulting, accounting and administrative services to the Company through their consulting services corporations. Two directors also receive management fees for their services as directors.

The directors and officers of the Company received an aggregate of 1,950,000 incentive stock options in October 2012, which were approved the shareholders of the Company at its last annual general meeting of shareholders, held on May 29, 2013. Aggregate related party compensation consists of the following:

(Expressed in US dollars)

For the years ended December 31		**2013**		2012
Management and director fees	**$**	**187,065**	$	215,232
Share-based payments		**386,363**		15,277
	$	**573,428**	$	230,509

As at December 31, 2013, an aggregate amount of $106,092 (2012 - $39,360) is due and payable to directors and officers of the Company for technical and administrative fees and directors' fees. This amount is unsecured, without interest or stated terms of repayment.

The Company paid NS Star Enterprises Ltd., a company controlled by the president of the Company, $92,500 (2012-$119,843) for technical consulting services and $12,000 (2012-$12,000) for management and administration services during the year ended December 31, 2013. In February 2013, NS Star Enterprises Ltd. reduced its technical services monthly fee from $10,000 to $7,500 per month. The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the CFO of New Oroperu, $47,654 for accounting and management and administration services during the year ended December 31, 2013 (2012-$53,549). In September 2013, Morfopoulos Consulting Associates Ltd. reduced its monthly fee from $4,500 to $3,500 per month. The Company paid or accrued directors fees to Mr. James F. Carr-Hilton and Mr. Maynard E. Brown of $18,000 CAD each the during the year ended December 31, 2013 (2012-$12,000 CAD each).

Three directors of the Company participated in the May 2013 loan financing for total proceeds of $58,794 (CAD $60,000). The directors also received an aggregate of 48,000 shares of the Company as bonus shares in consideration of completing the loan transaction.

Management of Capital

The Company's equity is considered to be capital under management. There has been no change in the nature of the Company's capital structure during the year ended December 31, 2013. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of mineral properties and to maintain a flexible capital structure at an acceptable risk.

The Board of Directors manages the capital structure and makes adjustments to its plan based on economic and market conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt and may acquire or dispose of assets.

In order to facilitate the management of capital, the Company prepares expenditure budgets that are updated as necessary depending on factors determined by the Board of Directors.

The Company is not subject to any external capital restrictions.

The Company does not expect to pay out dividends in the foreseeable future. The Company's investment policy is to keep its cash on deposit in an interest bearing major Canadian chartered bank account.

The Company believes that it will have sufficient cash to meet its projected operating requirements for the next year without additional financing, if it can convert its outstanding loans to equity and if it receives the May 2014 payment from Barrick. The Company may seek additional financing during the year as required.

Use of Judgments and Estimates

The preparation of the consolidated financial statements for the year ended December 31, 2013 required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial Instruments

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss (“FVTPL”), loans and receivables, and available-for-sale (“AFS”). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash is included in this category of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise receivables.

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade payables and accrued liabilities, due to related parties and loans payable.

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2013
(Expressed in US dollars)

The Company's risk exposure and the impact on the Company's financial instruments are as follows:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company is exposed to concentration of credit risk with respect to its cash; however, the risk is minimized as cash is placed with major Canadian financial institutions.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient assets and cash flows to meet liabilities when due. As at December 31, 2013, the Company has a working capital deficiency of $152,210. As at December 31, 2013, the Company has trade payablesand accrued liabilities, amounts due to related parties and loans payable totalling $291,365, which are due within the next 12 months.

c) Market Risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and equity prices. Management closely monitors individual interest rate and foreign currency movements to determine the appropriate course of action to be taken by the Company.

d) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant interest rate risk.

e) Foreign currency risk

As at December 31, 2013, the Company has certain assets and liabilities denominated in Canadian dollars that expose it to currency risk, as follows:

As at December 31,	2013	2013
Cash and cash equivalents	$ 47,819	$ 20,674
Trade payables and accrued liabilities payable in Canadian dollars	(16,539)	(28,341)
Amounts due to related parties, payable in Canadian dollars	(106,539)	(39,316)
Loans and accrued interest, payable in Canadian dollars	(178,508)	-
Net foreign exposure	$ (253,767)	$ (46,983)

The Company does not utilize derivatives or other techniques to manage foreign currency risk.

Based on the above net foreign currency exposure (USD equivalent) as at December 31, 2013, and assuming all other variables remain constant, a 10% weakening or strengthening of the US dollar against the Canadian dollar would result in an approximate increase/decrease of $25,000 in the Company's consolidated statement of loss and comprehensive loss.

f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any significant price risk.

Risk Factors

Companies operating in the mining industry face many and varied kind of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company.

Financial

The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. As at December 31, 2013, the Company has incurred losses since inception and has an accumulated operating deficit of $27,077,720. The continuation and long-term viability of the Company remains dependent upon its ability to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations.

Industry

Exploring and developing mineral resource projects bears a high potential for a variety of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is not feasible or practical to proceed.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Metal Prices

The principal activity of the Company is the exploration and development of gold resource properties. The feasible development of such properties is highly dependent upon the price of gold. A sustained and substantial decline in commodity gold prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors which could affect gold commodity prices in order to assess the feasibility of its resource projects.

Political Risk

The resource properties on which the Company is pursuing its exploration and development activities are all located in Peru, South America. While the political climate is considered by the Company to be stable, there can be no assurances that this will continue indefinitely. To alleviate such risk, the Company funds its Peru operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

Environmental

Exploration and development projects are subject to the environmental laws and regulations of the country within which the Company is conducting its operations. As such laws are subject to change, the Company carefully monitors proposed and potential changes and management believes the Company remains in compliance with current environmental regulations in the relevant jurisdictions.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

FORWARD–LOOKING STATEMENTS

Some of the statements in this document constitute "forward looking statements". Where New Oroperu expresses an expectation or belief as to future events or results, management plans and objectives, and projections of exploration results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions. While these statements represent our best current judgment, they are subject to risks and uncertainties that could cause actual results to vary, the specifics of which are detailed in disclosures with the heading "Risk Factors" in the Company's periodic filings with securities regulators. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements in this MD&A are made as of the date of this MD&A or, in the case of documents incorporated by reference herein, as of the date of such documents, and New Oroperu does not assume the obligation to update any forward looking statement.

This MD&A includes, but is not limited to, forward-looking statements regarding the Company's exploration properties in Peru, and the Company's ability to meet its working capital needs for the rest of this calendar year.

Approvals

Peter A. Lacroix, P. Eng., and a qualified person as defined by Canadian National Instrument 43-101, has reviewed the technical information contained in this MD&A.

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional information about the Company may be found on the SEDAR website at www.sedar.com.